



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

September 25, 2003

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (THIRD QUARTER 2003)

In response to the increased level of CRA activity in the County and this office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the first quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran or Jerry Ramirez at (213) 974-1130 or (213) 974-4282, respectively.

DEJ:LS
MKZ:JR:nl

Attachment

c: Lloyd W. Pellman, County Counsel
J. Tyler McCauley, Auditor-Controller

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Third Quarter 2003 – October 1, 2003

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date Provided to Board
Hawthorne Project No. 2 (Hawthorne) (See below)	Second	Preliminary Report	July 22, 2003
Amendment to Merged Central Business and West End Redevelopment Project (Azusa) (See below)	First	Update	August 27, 2003
Neighborhood Preservation Project (Huntington Park) (see below)	First	Update	July 2, 2003

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
Hawthorne Project No. 2 (Hawthorne)	Second	Approval of Amendment	August 26, 2003

Major Ongoing or Emergent CRA Issues

Azusa (First District)

Issue: CAO received the Preliminary Report for the Central Business District and West End Redevelopment Projects. After initial review and several site visits, CAO had initial concerns regarding proposal to amend cap and inclusion of selected parcels. Project includes three County parcels that require Board approval.

Status: CAO staff and the City have resolved the cap issue, avoiding negative fiscal impact on the County. CAO submitted Statement of Objections regarding the inclusion of one parcel at their September 2, 2003 public hearing. Despite our objections, City adopted redevelopment project with parcel of concern included; however, the CAO did not recommend any further action. After final action from City, Board must approve agreement amending cap and redevelopment plan for County parcels.

Hawthorne (Second District)

Issue: The Agency proposed an Amendment to add two parcels to an existing project area. The parcels are currently owned by the Los Angeles Air Force Base and are in the City of El Segundo, one of the parcels will be annexed to the City of Hawthorne. In exchange for modernizing and consolidating the Air Force Base on one of the parcels, the developer will acquire the other parcel for a new residential development project. By undertaking this modernization, the Base will hopefully avoid being included in the next round of base closures.

Status: The City of Hawthorne asked the County to contribute their share of the pass-through to help close Air Force Base proposal funding gap. On August 26, 2003, the Board approved CRA agreement amendment to commit County pass-through to assist in the Air Force Project.

Huntington Park (First District)

- Issue:** CAO received the Preliminary Report for the Neighborhood Preservation Redevelopment Project. After several site visits and meetings with City staff, CAO had initial concerns regarding consistency with Community Redevelopment Law. Agency staff agreed to recommend to the Redevelopment Agency Board that they revise their redevelopment project to resolve County's concerns.
- Status:** On July 7, 2003, the City of Huntington Park adopted the Neighborhood Preservation Redevelopment Project with CAO recommended changes.

Litigation

Los Angeles - Chinatown (First District)

- Issue:** Agency proposed to amend the Chinatown project by increasing the lifetime cap and extending time limits. Clause in the 1980 Tax Allocation Agreement requires the Agency to "negotiate in good faith" with the County regarding any amendments.
- Status:** Despite County objections, including inadequacy of plan, lack of an updated EIR, and breach of contract, the City adopted the project. The Board authorized legal action, and a lawsuit was filed. The City prevailed on the adequacy of plan and EIR issues. The portion of the case regarding breach of contract has been litigated and a decision is expected soon.

Los Angeles - City Center (First and Second Districts)

- Issue:** Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which has reached its court-validated project cap.
- Status:** The County filed a lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. The trial judge issued a final decision invalidating the project. The judge's decision cites the court-validated project cap and the inconsistency of permitting the City to evade the effect of that limitation. The City has appealed the decision.

Los Angeles - Central Industrial (First and Second Districts)

- Issue:** The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.
- Status:** Similar to City Center, County filed lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD project. The trial was held on September 18, 2003. We are awaiting a decision.

Legislation

SB 465

- Issue:** This Bill would declare that local government would be able to establish Transit Village Redevelopment Areas centered on a rail transit station that would create new "blight" criteria, loosen existing redevelopment limits, and exempt pass-through obligations to taxing entities.

Status: On May 29, 2003, this bill was held in committee and is under submission. This bill is dead since it has not moved out of the house of origin; however, there is the possibility of the bill resurfacing if a rule waiver is granted. We will continue to monitor this bill.

AB 1235

Issue: This bill would establish a procedure to allocate a portion of property tax revenue of a dissolved redevelopment agency to school entities.

Status: On March 17, 2003, this bill was sent to committee. This bill is dead since it has not moved out of the house of origin; however, there is the possibility of the bill resurfacing if a rule waiver is granted. We will continue to monitor this bill.

AB 1755/SB 1045

Issue: This bill in the budget package requires a one-time transfer of \$135 million in property tax from redevelopment agencies to the Educational Revenue Augmentation Fund (ERAF) in 2003-04. This bill contains CRA-requested language that gives agencies flexibility in how the payments are made and authorization to amend redevelopment plans to add one year for the plan's period of effectiveness and for repayment of indebtedness. This additional year of tax increment flowing to redevelopment agencies would be a diversion from the taxing entities and would allow agencies to access additional property tax revenues far in excess of the amount shifted to ERAF.

Status: CAO, IGR, and County Council are exploring legislative options to lessen impact on counties.

Overall CRA Statistics

Active CRA Projects	294
Pending CRA Projects	30